



RECEIVED
APR 22 4 21 PM '98

April 22, 1998

Hon. Margaret P. Crenshaw, Secretary
Postal Rate Commission
1333 H Street, NW, Suite 300
Washington, D.C. 20268-0001

Dear Ms. Crenshaw:

In connection with the Commission's rules pertaining to periodic reports, 39 C.F.R. § 3001.102 (1997), I have enclosed copies of the following:

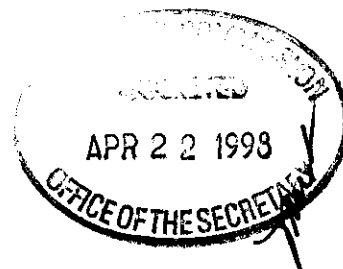
Investment Income Statement, First Quarter, GFY 1998.

Sincerely,

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Enclosures

cc: Ms. Brown



| INVESTMENT INCOME | | | |
|----------------------------|-------|--------------------|--------------------|
| FIRST QUARTER, GFY 1998 | | | |
| PRC 103 | FIRST | QUARTER | YTD GFY 1998 |
| | | (10/1/97-12/05/97) | (10/1/97-12/05/97) |
| BEGINNING BALANCE | | \$859,838,479.52 | \$859,838,479.52 |
| (Book Value) | | | |
| ADD | | | |
| PURCHASES AT COST | | 792,044,805.86 | 792,044,805.86 |
| ACCRUAL OF DISCOUNT | | 374,995.79 | 374,995.79 |
| PROFIT (LOSS) NET | | 0.00 | 0.00 |
| SUBTOTAL | | 792,419,801.65 | 792,419,801.65 |
| DEDUCT | | | |
| AMORTIZATION OF PREMIUM | | 4.71 | 4.71 |
| PROCEEDS FROM SALES | | 1,637,802,384.20 | 1,637,802,384.20 |
| SUBTOTAL | | 1,637,802,388.91 | 1,637,802,388.91 |
| ENDING BALANCE _1/ | | \$14,455,892.26 | \$14,455,892.26 |
| (Book Value) | | | |
| AVERAGE INVESTMENT BALANCE | | \$42,534,195.22 | \$42,534,195.22 |
| INVESTMENT INCOME | | \$397,443.74 | \$397,443.74 |
| AVERAGE | | | |
| YIELD = _2/ | | 5.17% | 5.17% |

_1/ DOES NOT INCLUDE CERTIFICATE OF DEPOSIT \$8,786,000.00

_2/ AVERAGE YIELD =
$$\frac{\text{INVESTMENT INCOME} / \# \text{ OF DAYS IN QTR} \times 365}{\text{AVERAGE INVESTMENT BALANCE}}$$